

## Calendar No. 348

110TH CONGRESS  
1ST SESSION**H. R. 1908**

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 10, 2007

Received and read the first time

SEPTEMBER 11, 2007

Read the second time and placed on the calendar

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**AN ACT**

To amend title 35, United States Code, to provide for patent reform.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Patent Reform Act of 2007”.

6       (b) TABLE OF CONTENTS.—The table of contents of  
7       this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Right of the inventor to obtain damages.
- Sec. 6. Post-grant procedures and other quality enhancements.

Sec. 7. Definitions; patent trial and appeal board.  
 Sec. 8. Study and report on reexamination proceedings.  
 Sec. 9. Submissions by third parties and other quality enhancements.  
 Sec. 10. Tax planning methods not patentable.  
 Sec. 11. Venue and jurisdiction.  
 Sec. 12. Additional information; inequitable conduct as defense to infringement.  
 Sec. 13. Best mode requirement.  
 Sec. 14. Regulatory authority.  
 Sec. 15. Technical amendments.  
 Sec. 16. Study of special masters in patent cases.  
 Sec. 17. Study on workplace conditions.  
 Sec. 18. Rule of construction.  
 Sec. 19. Study on patent damages.  
 Sec. 20. Severability.

**1 SEC. 2. REFERENCE TO TITLE 35, UNITED STATES CODE.**

2 Whenever in this Act a section or other provision is  
 3 amended or repealed, that amendment or repeal shall be  
 4 considered to be made to that section or other provision  
 5 of title 35, United States Code.

**6 SEC. 3. RIGHT OF THE FIRST INVENTOR TO FILE.**

7 (a) DEFINITIONS.—Section 100 is amended by add-  
 8 ing at the end the following:

9 “(f) The term ‘inventor’ means the individual or, if  
 10 a joint invention, the individuals collectively who invented  
 11 or discovered the subject matter of an invention.

12 “(g) The terms ‘joint inventor’ and ‘coinventor’ mean  
 13 any one of the individuals who invented or discovered the  
 14 subject matter of a joint invention.

15 “(h) The ‘effective filing date of a claimed invention’  
 16 is—

17 “(1) the filing date of the patent or the applica-  
 18 tion for patent containing the claim to the invention;  
 19 or

1 “(2) if the patent or application for patent is  
2 entitled to a right of priority of any other applica-  
3 tion under section 119, 365(a), or 365(b) or to the  
4 benefit of an earlier filing date in the United States  
5 under section 120, 121, or 365(c), the filing date of  
6 the earliest such application in which the claimed in-  
7 vention is disclosed in the manner provided by sec-  
8 tion 112(a).

9 “(i) The term ‘claimed invention’ means the subject  
10 matter defined by a claim in a patent or an application  
11 for a patent.”.

12 (b) CONDITIONS FOR PATENTABILITY.—

13 (1) IN GENERAL.—Section 102 is amended to  
14 read as follows:

15 **“§ 102. Conditions for patentability; novelty**

16 “(a) NOVELTY; PRIOR ART.—A patent for a claimed  
17 invention may not be obtained if—

18 “(1) the claimed invention was patented, de-  
19 scribed in a printed publication, in public use, or on  
20 sale—

21 “(A) more than one year before the effec-  
22 tive filing date of the claimed invention; or

23 “(B) one year or less before the effective  
24 filing date of the claimed invention, other than  
25 through disclosures made by the inventor or a

1 joint inventor or by others who obtained the  
2 subject matter disclosed directly or indirectly  
3 from the inventor or a joint inventor; or

4 “(2) the claimed invention was described in a  
5 patent issued under section 151, or in an application  
6 for patent published or deemed published under sec-  
7 tion 122(b), in which the patent or application, as  
8 the case may be, names another inventor and was  
9 effectively filed before the effective filing date of the  
10 claimed invention.

11 “(b) EXCEPTIONS.—

12 “(1) PRIOR INVENTOR DISCLOSURE EXCEP-  
13 TION.—Subject matter that would otherwise qualify  
14 as prior art based upon a disclosure under subpara-  
15 graph (B) of subsection (a)(1) shall not be prior art  
16 to a claimed invention under that subparagraph if  
17 the subject matter had, before such disclosure, been  
18 publicly disclosed by the inventor or a joint inventor  
19 or others who obtained the subject matter disclosed  
20 directly or indirectly from the inventor or a joint in-  
21 ventor.

22 “(2) DERIVATION, PRIOR DISCLOSURE, AND  
23 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-  
24 ter that would otherwise qualify as prior art only

1 under subsection (a)(2) shall not be prior art to a  
2 claimed invention if—

3 “(A) the subject matter was obtained di-  
4 rectly or indirectly from the inventor or a joint  
5 inventor;

6 “(B) the subject matter had been publicly  
7 disclosed by the inventor or a joint inventor or  
8 others who obtained the subject matter dis-  
9 closed directly or indirectly from the inventor or  
10 a joint inventor before the date on which the  
11 application or patent referred to in subsection  
12 (a)(2) was effectively filed; or

13 “(C) the subject matter and the claimed  
14 invention, not later than the effective filing date  
15 of the claimed invention, were owned by the  
16 same person or subject to an obligation of as-  
17 signment to the same person.

18 “(3) JOINT RESEARCH AGREEMENT EXCEP-  
19 TION.—

20 “(A) IN GENERAL.—Subject matter and a  
21 claimed invention shall be deemed to have been  
22 owned by the same person or subject to an obli-  
23 gation of assignment to the same person in ap-  
24 plying the provisions of paragraph (2) if—

1 “(i) the claimed invention was made  
2 by or on behalf of parties to a joint re-  
3 search agreement that was in effect on or  
4 before the effective filing date of the  
5 claimed invention;

6 “(ii) the claimed invention was made  
7 as a result of activities undertaken within  
8 the scope of the joint research agreement;  
9 and

10 “(iii) the application for patent for  
11 the claimed invention discloses or is  
12 amended to disclose the names of the par-  
13 ties to the joint research agreement.

14 “(B) For purposes of subparagraph (A),  
15 the term ‘joint research agreement’ means a  
16 written contract, grant, or cooperative agree-  
17 ment entered into by two or more persons or  
18 entities for the performance of experimental,  
19 developmental, or research work in the field of  
20 the claimed invention.

21 “(4) PATENTS AND PUBLISHED APPLICATIONS  
22 EFFECTIVELY FILED.—A patent or application for  
23 patent is effectively filed under subsection (a)(2)  
24 with respect to any subject matter described in the  
25 patent or application—

1 “(A) as of the filing date of the patent or  
2 the application for patent; or

3 “(B) if the patent or application for patent  
4 is entitled to claim a right of priority under sec-  
5 tion 119, 365(a), or 365(b) or to claim the ben-  
6 efit of an earlier filing date under section 120,  
7 121, or 365(c), based upon one or more prior  
8 filed applications for patent, as of the filing  
9 date of the earliest such application that de-  
10 scribes the subject matter.”.

11 (2) CONFORMING AMENDMENT.—The item re-  
12 lating to section 102 in the table of sections for  
13 chapter 10 is amended to read as follows:

“102. Conditions for patentability; novelty.”.

14 (c) CONDITIONS FOR PATENTABILITY; NON-OBVIOUS  
15 SUBJECT MATTER.—Section 103 is amended to read as  
16 follows:

17 **“§ 103. Conditions for patentability; nonobvious sub-**  
18 **ject matter**

19 “A patent for a claimed invention may not be ob-  
20 tained though the claimed invention is not identically dis-  
21 closed as set forth in section 102, if the differences be-  
22 tween the claimed invention and the prior art are such  
23 that the claimed invention as a whole would have been ob-  
24 vious before the effective filing date of the claimed inven-  
25 tion to a person having ordinary skill in the art to which

1 the claimed invention pertains. Patentability shall not be  
 2 negated by the manner in which the invention was made.”.

3 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS  
 4 MADE ABROAD.—Section 104, and the item relating to  
 5 that section in the table of sections for chapter 10, are  
 6 repealed.

7 (e) REPEAL OF STATUTORY INVENTION REGISTRA-  
 8 TION.—

9 (1) IN GENERAL.—Section 157, and the item  
 10 relating to that section in the table of sections for  
 11 chapter 14, are repealed.

12 (2) REMOVAL OF CROSS REFERENCES.—Section  
 13 111(b)(8) is amended by striking “sections 115,  
 14 131, 135, and 157” and inserting “sections 131 and  
 15 135”.

16 (f) EARLIER FILING DATE FOR INVENTOR AND  
 17 JOINT INVENTOR.—Section 120 is amended by striking  
 18 “which is filed by an inventor or inventors named” and  
 19 inserting “which names an inventor or joint inventor”.

20 (g) CONFORMING AMENDMENTS.—

21 (1) RIGHT OF PRIORITY.—Section 172 is  
 22 amended by striking “and the time specified in sec-  
 23 tion 102(d)”.

24 (2) LIMITATION ON REMEDIES.—Section  
 25 287(c)(4) is amended by striking “the earliest effec-



1        tive filing date of which is prior to” and inserting  
2        “which has an effective filing date before”.

3            (3)    INTERNATIONAL    APPLICATION    DESIG-  
4        NATING THE UNITED STATES: EFFECT.—Section  
5        363 is amended by striking “except as otherwise  
6        provided in section 102(e) of this title”.

7            (4) PUBLICATION OF INTERNATIONAL APPLICA-  
8        TION: EFFECT.—Section 374 is amended by striking  
9        “sections 102(e) and 154(d)” and inserting “section  
10       154(d)”.

11          (5) PATENT ISSUED ON INTERNATIONAL APPLI-  
12        CATION: EFFECT.—The second sentence of section  
13        375(a) is amended by striking “Subject to section  
14        102(e) of this title, such” and inserting “Such”.

15          (6) LIMIT ON RIGHT OF PRIORITY.—Section  
16        119(a) is amended by striking “; but no patent shall  
17        be granted” and all that follows through “one year  
18        prior to such filing”.

19          (7) INVENTIONS MADE WITH FEDERAL ASSIST-  
20        ANCE.—Section 202(c) is amended—

21            (A) in paragraph (2)—

22                    (i) by striking “publication, on sale,  
23                    or public use,” and all that follows through  
24                    “obtained in the United States” and in-  
25                    serting “the 1-year period referred to in

1 section 102(a) would end before the end of  
 2 that 2-year period”; and

3 (ii) by striking “the statutory” and  
 4 inserting “that 1-year”; and

5 (B) in paragraph (3), by striking “any  
 6 statutory bar date that may occur under this  
 7 title due to publication, on sale, or public use”  
 8 and inserting “the expiration of the 1-year pe-  
 9 riod referred to in section 102(a)”.

10 (h) REPEAL OF INTERFERING PATENT REMEDIES.—  
 11 Section 291, and the item relating to that section in the  
 12 table of sections for chapter 29, are repealed.

13 (i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-  
 14 VENTION.—Section 135 is amended to read as follows:

15 **“§ 135. Derivation proceedings**

16 **“(a) DISPUTE OVER RIGHT TO PATENT.—**

17 **“(1) INSTITUTION OF DERIVATION PRO-**  
 18 **CEEDING.—**

19 **“(A) REQUEST FOR PROCEEDING.—**An ap-  
 20 plicant may request initiation of a derivation  
 21 proceeding to determine the right of the appli-  
 22 cant to a patent by filing a request that sets  
 23 forth with particularity the basis for finding  
 24 that another applicant derived the claimed in-  
 25 vention from the applicant requesting the pro-

ceeding and, without authorization, filed an application claiming such invention.

“(B) REQUIREMENTS FOR REQUEST.—Any request under subparagraph (A)—

“(i) may only be made within 12 months after the earlier of—

“(I) the date on which a patent is issued containing a claim that is the same or substantially the same as the claimed invention; or

“(II) the date of first publication of an application containing a claim that is the same or is substantially the same as the claimed invention; and

“(ii) must be made under oath, and must be supported by substantial evidence.

“(C) DETERMINATION OF DIRECTOR.—

Whenever the Director determines that patents or applications for patent naming different individuals as the inventor interfere with one another because of a dispute over the right to patent on the basis of a request under subparagraph (A), the Director shall institute a derivation proceeding for the purpose of determining which applicant is entitled to a patent.

1           “(2) DETERMINATION BY PATENT TRIAL AND  
2 APPEAL BOARD.—In any proceeding under this sub-  
3 section, the Patent Trial and Appeal Board—

4           “(A) shall determine the question of the  
5 right to patent;

6           “(B) in appropriate circumstances, may  
7 correct the naming of the inventor in any appli-  
8 cation or patent at issue; and

9           “(C) shall issue a final decision on the  
10 right to patent.

11           “(3) DERIVATION PROCEEDING.—The Patent  
12 Trial and Appeal Board may defer action on a re-  
13 quest to initiate a derivation proceeding for up to  
14 three months after the date on which the Director  
15 issues a patent to the applicant that filed the earlier  
16 application.

17           “(4) EFFECT OF FINAL DECISION.—The final  
18 decision of the Patent Trial and Appeal Board in a  
19 derivation proceeding, if adverse to the claim of an  
20 applicant, shall constitute the final refusal by the  
21 Patent and Trademark Office on the claims involved.  
22 The Director may issue a patent to an applicant who  
23 is determined by the Patent Trial and Appeal Board  
24 to have the right to a patent. The final decision of  
25 the Board, if adverse to a patentee, shall, if no ap-

1        peal or other review of the decision has been or can  
2        be taken or had, constitute cancellation of the claims  
3        involved in the patent, and notice of such cancella-  
4        tion shall be endorsed on copies of the patent dis-  
5        tributed after such cancellation by the Patent and  
6        Trademark Office.

7        “(b) SETTLEMENT.—Parties to a derivation pro-  
8        ceeding may terminate the proceeding by filing a written  
9        statement reflecting the agreement of the parties as to the  
10       correct inventors of the claimed invention in dispute. Un-  
11       less the Patent Trial and Appeal Board finds the agree-  
12       ment to be inconsistent with the evidence of record, it shall  
13       take action consistent with the agreement. Any written  
14       settlement or understanding of the parties shall be filed  
15       with the Director. At the request of a party to the pro-  
16       ceeding, the agreement or understanding shall be treated  
17       as business confidential information, shall be kept sepa-  
18       rate from the file of the involved patents or applications,  
19       and shall be made available only to Government agencies  
20       on written request, or to any person on a showing of good  
21       cause.

22       “(c) ARBITRATION.—Parties to a derivation pro-  
23       ceeding, within such time as may be specified by the Di-  
24       rector by regulation, may determine such contest or any  
25       aspect thereof by arbitration. Such arbitration shall be

1 governed by the provisions of title 9 to the extent such  
2 title is not inconsistent with this section. The parties shall  
3 give notice of any arbitration award to the Director, and  
4 such award shall, as between the parties to the arbitration,  
5 be dispositive of the issues to which it relates. The arbitra-  
6 tion award shall be unenforceable until such notice is  
7 given. Nothing in this subsection shall preclude the Direc-  
8 tor from determining patentability of the invention in-  
9 volved in the derivation proceeding.”.

10 (j) ELIMINATION OF REFERENCES TO INTER-  
11 FERENCES.—(1) Sections 41(a)(6), 134, 141, 145, 146,  
12 154, 305, and 314 are each amended by striking “Board  
13 of Patent Appeals and Interferences” each place it ap-  
14 pears and inserting “Patent Trial and Appeal Board”.

15 (2) Section 141 is amended—

16 (A) by striking “an interference” and inserting  
17 “a derivation proceeding”; and

18 (B) by striking “interference” each additional  
19 place it appears and inserting “derivation pro-  
20 ceeding”.

21 (3) Section 146 is amended—

22 (A) in the first paragraph—

23 (i) by striking “Any party” and inserting

24 “(a) IN GENERAL.—Any party”;

1 (ii) by striking “an interference” and in-  
2 serting “a derivation proceeding”; and

3 (iii) by striking “interference” each addi-  
4 tional place it appears and inserting “derivation  
5 proceeding”; and

6 (B) in the second paragraph, by striking “Such  
7 suit” and inserting “(b) PROCEDURE.—A suit under  
8 subsection (a)”.

9 (4) The section heading for section 134 is amended  
10 to read as follows:

11 **“§ 134. Appeal to the Patent Trial and Appeal Board”.**

12 (5) The section heading for section 135 is amended  
13 to read as follows:

14 **“§ 135. Derivation proceedings”.**

15 (6) The section heading for section 146 is amended  
16 to read as follows:

17 **“§ 146. Civil action in case of derivation proceeding”.**

18 (7) Section 154(b)(1)(C) is amended by striking  
19 “INTERFERENCES” and inserting “DERIVATION PRO-  
20 CEEDINGS”.

21 (8) The item relating to section 6 in the table of sec-  
22 tions for chapter 1 is amended to read as follows:

“6. Patent Trial and Appeal Board.”.

23 (9) The items relating to sections 134 and 135 in  
24 the table of sections for chapter 12 are amended to read  
25 as follows:

“134. Appeal to the Patent Trial and Appeal Board.

“135. Derivation proceedings.”.

1       (10) The item relating to section 146 in the table of  
2 sections for chapter 13 is amended to read as follows:

“146. Civil action in case of derivation proceeding.”.

3       (11) CERTAIN APPEALS.—Subsection 1295(a)(4)(A)  
4 of title 28, United States Code, is amended to read as  
5 follows:

6               “(A) the Patent Trial and Appeal Board of  
7 the United States Patent and Trademark Office  
8 with respect to patent applications, derivation  
9 proceedings, and post-grant review proceedings,  
10 at the instance of an applicant for a patent or  
11 any party to a patent interference (commenced  
12 with respect to an application for patent filed  
13 before the effective date provided in section  
14 3(k) of the Patent Reform Act of 2007), deriva-  
15 tion proceeding, or post-grant review pro-  
16 ceeding, and any such appeal shall waive any  
17 right of such applicant or party to proceed  
18 under section 145 or 146 of title 35;”.

19       (k) EFFECTIVE DATE.—

20               (1) IN GENERAL.—The amendments made by  
21 this section—

22               (A) shall take effect 90 days after the date  
23 on which the President issues an Executive



1 order containing the President’s finding that  
2 major patenting authorities have adopted a  
3 grace period having substantially the same ef-  
4 fect as that contained under the amendments  
5 made by this section; and

6 (B) shall apply to all applications for pat-  
7 ent that are filed on or after the effective date  
8 under subparagraph (A).

9 (2) DEFINITIONS.—In this subsection:

10 (A) MAJOR PATENTING AUTHORITIES.—  
11 The term “major patenting authorities” means  
12 at least the patenting authorities in Europe and  
13 Japan.

14 (B) GRACE PERIOD.—The term “grace pe-  
15 riod” means the 1-year period ending on the ef-  
16 fective filing date of a claimed invention, during  
17 which disclosures of the subject matter by the  
18 inventor or a joint inventor, or by others who  
19 obtained the subject matter disclosed directly or  
20 indirectly from the inventor or a joint inventor,  
21 do not qualify as prior art to the claimed inven-  
22 tion.

23 (C) EFFECTIVE FILING DATE.—The term  
24 “effective filing date of a claimed invention”  
25 means, with respect to a patenting authority in

another country, a date equivalent to the effective filing date of a claimed invention as defined in section 100(h) of title 35, United States Code, as added by subsection (a) of this section.

(3) RETENTION OF INTERFERENCE PROCEDURES WITH RESPECT TO APPLICATIONS FILED BEFORE EFFECTIVE DATE.—In the case of any application for patent that is filed before the effective date under paragraph (1)(A), the provisions of law repealed or amended by subsections (h), (i), and (j) shall apply to such application as such provisions of law were in effect on the day before such effective date.

(l) REVIEW EVERY 7 YEARS.—Not later than the end of the 7-year period beginning on the effective date under subsection (k), and the end of every 7-year period thereafter, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this subsection referred to as the “Director”) shall—

(1) conduct a study on the effectiveness and efficiency of the amendments made by this section; and

(2) submit to the Committees on the Judiciary of the House of Representatives and the Senate a

1 report on the results of the study, including any rec-  
2 ommendations the Director has on amendments to  
3 the law and other recommendations of the Director  
4 with respect to the first-to-file system implemented  
5 under the amendments made by this section.

6 **SEC. 4. INVENTOR'S OATH OR DECLARATION.**

7 (a) INVENTOR'S OATH OR DECLARATION.—

8 (1) IN GENERAL.—Section 115 is amended to  
9 read as follows:

10 **“§ 115. Inventor's oath or declaration**

11 “(a) NAMING THE INVENTOR; INVENTOR'S OATH OR  
12 DECLARATION.—An application for patent that is filed  
13 under section 111(a), that commences the national stage  
14 under section 363, or that is filed by an inventor for an  
15 invention for which an application has previously been  
16 filed under this title by that inventor shall include, or be  
17 amended to include, the name of the inventor of any  
18 claimed invention in the application. Except as otherwise  
19 provided in this section, each individual who is the inven-  
20 tor or a joint inventor of a claimed invention in an applica-  
21 tion for patent shall execute an oath or declaration in con-  
22 nection with the application.

23 “(b) REQUIRED STATEMENTS.—An oath or declara-  
24 tion by an individual under subsection (a) shall contain  
25 statements that—

1           “(1) the application was made or was author-  
2           ized to be made by individual; and

3           “(2) the individual believes himself or herself to  
4           be the original inventor or an original joint inventor  
5           of a claimed invention in the application.

6           “(c) ADDITIONAL REQUIREMENTS.—The Director  
7           may specify additional information relating to the inventor  
8           and the invention that is required to be included in an  
9           oath or declaration under subsection (a).

10          “(d) SUBSTITUTE STATEMENT.—

11               “(1) IN GENERAL.—In lieu of executing an oath  
12               or declaration under subsection (a), the applicant for  
13               patent may provide a substitute statement under the  
14               circumstances described in paragraph (2) and such  
15               additional circumstances that the Director may  
16               specify by regulation.

17               “(2) PERMITTED CIRCUMSTANCES.—A sub-  
18               stitute statement under paragraph (1) is permitted  
19               with respect to any individual who—

20                       “(A) is unable to file the oath or declara-  
21                       tion under subsection (a) because the indi-  
22                       vidual—

23                               “(i) is deceased;

24                               “(ii) is under legal incapacity; or

1 “(iii) cannot be found or reached after  
2 diligent effort; or

3 “(B) is under an obligation to assign the  
4 invention and has refused to make the oath or  
5 declaration required under subsection (a).

6 “(3) CONTENTS.—A substitute statement under  
7 this subsection shall—

8 “(A) identify the individual with respect to  
9 whom the statement applies;

10 “(B) set forth the circumstances rep-  
11 resenting the permitted basis for the filing of  
12 the substitute statement in lieu of the oath or  
13 declaration under subsection (a); and

14 “(C) contain any additional information,  
15 including any showing, required by the Direc-  
16 tor.

17 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-  
18 MENT OF RECORD.—An individual who has assigned  
19 rights in an application for patent may include the re-  
20 quired statements under subsections (b) and (c) in the as-  
21 signment executed by the individual, in lieu of filing such  
22 statements separately.

23 “(f) TIME FOR FILING.—A notice of allowance under  
24 section 151 may be provided to an applicant for patent  
25 only if the applicant for patent has filed each required

1 oath or declaration under subsection (a) or has filed a sub-  
2 stitute statement under subsection (d) or recorded an as-  
3 signment meeting the requirements of subsection (e).

4 “(g) EARLIER-FILED APPLICATION CONTAINING RE-  
5 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—  
6 The requirements under this section shall not apply to an  
7 individual with respect to an application for patent in  
8 which the individual is named as the inventor or a joint  
9 inventor and that claims the benefit of an earlier filing  
10 date under section 120 or 365(c), if—

11 “(1) an oath or declaration meeting the require-  
12 ments of subsection (a) was executed by the indi-  
13 vidual and was filed in connection with the earlier-  
14 filed application;

15 “(2) a substitute statement meeting the re-  
16 quirements of subsection (d) was filed in the earlier  
17 filed application with respect to the individual; or

18 “(3) an assignment meeting the requirements  
19 of subsection (e) was executed with respect to the  
20 earlier-filed application by the individual and was re-  
21 corded in connection with the earlier-filed applica-  
22 tion.

23 “(h) SUPPLEMENTAL AND CORRECTED STATE-  
24 MENTS; FILING ADDITIONAL STATEMENTS.—

1           “(1) IN GENERAL.—Any person making a state-  
2           ment required under this section may withdraw, re-  
3           place, or otherwise correct the statement at any  
4           time. If a change is made in the naming of the in-  
5           ventor requiring the filing of 1 or more additional  
6           statements under this section, such additional state-  
7           ments shall be filed in accordance with regulations  
8           established by the Director.

9           “(2) SUPPLEMENTAL STATEMENTS NOT RE-  
10          QUIRED.—If an individual has executed an oath or  
11          declaration under subsection (a) or an assignment  
12          meeting the requirements of subsection (e) with re-  
13          spect to an application for patent, the Director may  
14          not thereafter require that individual to make any  
15          additional oath, declaration, or other statement  
16          equivalent to those required by this section in con-  
17          nection with the application for patent or any patent  
18          issuing thereon.

19          “(3) SAVINGS CLAUSE.—No patent shall be in-  
20          valid or unenforceable based upon the failure to  
21          comply with a requirement under this section if the  
22          failure is remedied as provided under paragraph (1).

23          “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-  
24          laration or statement filed under this section must contain  
25          an acknowledgment that any willful false statement is

1 punishable by fine or imprisonment, or both, under section  
2 1001 of title 18.”.

3 (2) RELATIONSHIP TO DIVISIONAL APPLICA-  
4 TIONS.—Section 121 is amended by striking “If a  
5 divisional application” and all that follows through  
6 “inventor.”.

7 (3) REQUIREMENTS FOR NONPROVISIONAL AP-  
8 PPLICATIONS.—Section 111(a) is amended—

9 (A) in paragraph (2)(C), by striking “by  
10 the applicant” and inserting “or declaration”;

11 (B) in the heading for paragraph (3), by  
12 striking “AND OATH”; and

13 (C) by striking “and oath” each place it  
14 appears.

15 (4) CONFORMING AMENDMENT.—The item re-  
16 lating to section 115 in the table of sections for  
17 chapter 11 is amended to read as follows:

“115. Inventor’s oath or declaration.”.

18 (b) SPECIFICATION.—Section 112 is amended—

19 (1) in the first paragraph—

20 (A) by striking “The specification” and in-  
21 serting “(a) IN GENERAL.—The specification”;  
22 and

23 (B) by striking “of carrying out his inven-  
24 tion” and inserting “or joint inventor of car-  
25 rying out the invention”; and



1 (2) in the second paragraph—

2 (A) by striking “The specification” and in-  
3 serting “(b) CONCLUSION.—The specification”;  
4 and

5 (B) by striking “applicant regards as his  
6 invention” and inserting “inventor or a joint in-  
7 ventor regards as the invention”;

8 (3) in the third paragraph, by striking “A  
9 claim” and inserting “(c) FORM.—A claim”;

10 (4) in the fourth paragraph, by striking “Sub-  
11 ject to the following paragraph,” and inserting “(d)  
12 REFERENCE IN DEPENDENT FORMS.—Subject to  
13 subsection (e),”;

14 (5) in the fifth paragraph, by striking “A  
15 claim” and inserting “(e) REFERENCE IN MULTIPLE  
16 DEPENDENT FORM.—A claim”; and

17 (6) in the last paragraph, by striking “An ele-  
18 ment” and inserting “(f) ELEMENT IN CLAIM FOR  
19 A COMBINATION.—An element”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section—

22 (1) shall take effect at the end of the 1-year pe-  
23 riod beginning on the date of the enactment of this  
24 Act; and

1           (2) shall apply to any application for patent, or  
2           application for reissue patent, that is filed on or  
3           after the effective date under paragraph (1).

4 **SEC. 5. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.**

5           (a) DAMAGES.—Section 284 is amended—

6           (1) in the first paragraph, by striking “Upon”  
7           and inserting “(a) IN GENERAL.—Upon”;

8           (2) by designating the second undesignated  
9           paragraph as subsection (c);

10          (3) by inserting after subsection (a) (as des-  
11          ignated by paragraph (1) of this subsection) the fol-  
12          lowing:

13          “(b) REASONABLE ROYALTY.—

14          “(1) IN GENERAL.—An award pursuant to sub-  
15          section (a) that is based upon a reasonable royalty  
16          shall be determined in accordance with this sub-  
17          section. Based on the facts of the case, the court  
18          shall determine whether paragraph (2), (3), or (4)  
19          will be used by the court or the jury in calculating  
20          a reasonable royalty. The court shall identify the  
21          factors that are relevant to the determination of a  
22          reasonable royalty under the applicable paragraph,  
23          and the court or jury, as the case may be, shall con-  
24          sider only those factors in making the determination.

1           “(2) RELATIONSHIP OF DAMAGES TO CON-  
2       TRIBUTIONS OVER PRIOR ART.—Upon a showing to  
3       the satisfaction of the court that a reasonable roy-  
4       alty should be based on a portion of the value of the  
5       infringing product or process, the court shall con-  
6       duct an analysis to ensure that a reasonable royalty  
7       under subsection (a) is applied only to that economic  
8       value properly attributable to the patent’s specific  
9       contribution over the prior art. The court shall ex-  
10      clude from the analysis the economic value properly  
11      attributable to the prior art, and other features or  
12      improvements, whether or not themselves patented,  
13      that contribute economic value to the infringing  
14      product or process.

15           “(3) ENTIRE MARKET VALUE.—Upon a show-  
16      ing to the satisfaction of the court that the patent’s  
17      specific contribution over the prior art is the pre-  
18      dominant basis for market demand for an infringing  
19      product or process, damages may be based upon the  
20      entire market value of the products or processes in-  
21      volved that satisfy that demand.

22           “(4) OTHER FACTORS.—If neither paragraph  
23      (2) or (3) is appropriate for determining a reason-  
24      able royalty, the court may consider, or direct the  
25      jury to consider, the terms of any nonexclusive mar-

1        marketplace licensing of the invention, where appro-  
2        priate, as well as any other relevant factors under  
3        applicable law.

4            “(5) COMBINATION INVENTIONS.—For pur-  
5        poses of paragraphs (2) and (3), in the case of a  
6        combination invention the elements of which are  
7        present individually in the prior art, the patentee  
8        may show that the contribution over the prior art  
9        may include the value of the additional function re-  
10      sulting from the combination, as well as the en-  
11      hanced value, if any, of some or all of the prior art  
12      elements resulting from the combination.”;

13           (4) by amending subsection (c) (as designated  
14      by paragraph (1) of this subsection) to read as fol-  
15      lows:

16      “(c) WILLFUL INFRINGEMENT.—

17           “(1) INCREASED DAMAGES.—A court that has  
18      determined that the infringer has willfully infringed  
19      a patent or patents may increase the damages up to  
20      three times the amount of damages found or as-  
21      sessed under subsection (a), except that increased  
22      damages under this paragraph shall not apply to  
23      provisional rights under section 154(d).

24           “(2) PERMITTED GROUNDS FOR WILLFUL-  
25      NESS.—A court may find that an infringer has will-

1 fully infringed a patent only if the patent owner pre-  
2 sents clear and convincing evidence that—

3 “(A) after receiving written notice from  
4 the patentee—

5 “(i) alleging acts of infringement in a  
6 manner sufficient to give the infringer an  
7 objectively reasonable apprehension of suit  
8 on such patent, and

9 “(ii) identifying with particularity  
10 each claim of the patent, each product or  
11 process that the patent owner alleges in-  
12 fringes the patent, and the relationship of  
13 such product or process to such claim,  
14 the infringer, after a reasonable opportunity to  
15 investigate, thereafter performed one or more of  
16 the alleged acts of infringement;

17 “(B) the infringer intentionally copied the  
18 patented invention with knowledge that it was  
19 patented; or

20 “(C) after having been found by a court to  
21 have infringed that patent, the infringer en-  
22 gaged in conduct that was not colorably dif-  
23 ferent from the conduct previously found to  
24 have infringed the patent, and that resulted in

1           a separate finding of infringement of the same  
2           patent.

3           “(3) LIMITATIONS ON WILLFULNESS.—(A) A  
4           court may not find that an infringer has willfully in-  
5           fringed a patent under paragraph (2) for any period  
6           of time during which the infringer had an informed  
7           good faith belief that the patent was invalid or unen-  
8           forceable, or would not be infringed by the conduct  
9           later shown to constitute infringement of the patent.

10          “(B) An informed good faith belief within the  
11          meaning of subparagraph (A) may be established  
12          by—

13                 “(i) reasonable reliance on advice of coun-  
14                 sel;

15                 “(ii) evidence that the infringer sought to  
16                 modify its conduct to avoid infringement once it  
17                 had discovered the patent; or

18                 “(iii) other evidence a court may find suffi-  
19                 cient to establish such good faith belief.

20          “(C) The decision of the infringer not to  
21          present evidence of advice of counsel is not relevant  
22          to a determination of willful infringement under  
23          paragraph (2).

24          “(4) LIMITATION ON PLEADING.—Before the  
25          date on which a court determines that the patent in

1       suit is not invalid, is enforceable, and has been in-  
2       fringed by the infringer, a patentee may not plead  
3       and a court may not determine that an infringer has  
4       willfully infringed a patent.”; and

5           (5) in the third undesignated paragraph, by  
6       striking “The court” and inserting “(d) EXPERT  
7       TESTIMONY.—The court”.

8       (b) REPORT TO CONGRESSIONAL COMMITTEES.—Not  
9       later than June 30, 2009, the Under Secretary of Com-  
10      merce for Intellectual Property and Director of the United  
11      States Patent and Trademark Office (in this subsection  
12      referred to as the “Director”) shall report to the Com-  
13      mittee on the Judiciary of the House of Representatives  
14      and the Committee on the Judiciary of the Senate the  
15      findings and recommendations of the Director on the oper-  
16      ation of prior user rights in selected countries in the in-  
17      dustrialized world. The report shall include the following:

18           (1) A comparison between the patent laws of  
19       the United States and the laws of other industri-  
20       alized countries, including the European Union,  
21       Japan, Canada, and Australia.

22           (2) An analysis of the effect of prior user rights  
23       on innovation rates in the selected countries.

24           (3) An analysis of the correlation, if any, be-  
25       tween prior user rights and start-up enterprises and

1 the ability to attract venture capital to start new  
2 companies.

3 (4) An analysis of the effect of prior user  
4 rights, if any, on small businesses, universities, and  
5 individual inventors.

6 (5) An analysis of any legal or constitutional  
7 issues that arise from placing elements of trade se-  
8 cret law, in the form of prior user rights, in patent  
9 law.

10 In preparing the report, the Director shall consult with  
11 the Secretary of State and the Attorney General of the  
12 United States.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to any civil action commenced on  
15 or after the date of the enactment of this Act.

16 (d) REVIEW EVERY 7 YEARS.—Not later than the  
17 end of the 7-year period beginning on the date of the en-  
18 actment of this Act, and the end of every 7-year period  
19 thereafter, the Under Secretary of Commerce for Intellec-  
20 tual Property and Director of the United States Patent  
21 and Trademark Office (in this subsection referred to as  
22 the “Director”) shall—

23 (1) conduct a study on the effectiveness and ef-  
24 ficiency of the amendments made by this section;  
25 and



1           (2) submit to the Committees on the Judiciary  
 2           of the House of Representatives and the Senate a  
 3           report on the results of the study, including any rec-  
 4           ommendations the Director has on amendments to  
 5           the law and other recommendations of the Director  
 6           with respect to the right of the inventor to obtain  
 7           damages for patent infringement.

8   **SEC. 6. POST-GRANT PROCEDURES AND OTHER QUALITY**  
 9           **ENHANCEMENTS.**

10          (a) CITATION OF PRIOR ART.—

11               (1) IN GENERAL.—Section 301 is amended to  
 12          read as follows:

13   **“§ 301. Citation of prior art**

14          “(a) IN GENERAL.—Any person at any time may cite  
 15          to the Office in writing—

16               “(1) prior art consisting of patents or printed  
 17          publications which that person believes to have a  
 18          bearing on the patentability of any claim of a par-  
 19          ticular patent; or

20               “(2) written statements of the patent owner  
 21          filed in a proceeding before a Federal court or the  
 22          Patent and Trademark Office in which the patent  
 23          owner takes a position on the scope of one or more  
 24          patent claims.

1       “(b) SUBMISSIONS PART OF OFFICIAL FILE.—If the  
2 person citing prior art or written submissions under sub-  
3 section (a) explains in writing the pertinence and manner  
4 of applying the prior art or written submissions to at least  
5 one claim of the patent, the citation of the prior art or  
6 written submissions (as the case may be) and the expla-  
7 nation thereof shall become a part of the official file of  
8 the patent.

9       “(c) PROCEDURES FOR WRITTEN STATEMENTS.—

10           “(1) SUBMISSION OF ADDITIONAL MATE-  
11 RIALS.—A party that submits written statements  
12 under subsection (a)(2) in a proceeding shall include  
13 any other documents, pleadings, or evidence from  
14 the proceeding that address the patent owner’s  
15 statements or the claims addressed by the written  
16 statements.

17           “(2) LIMITATION ON USE OF STATEMENTS.—  
18 Written statements submitted under subsection  
19 (a)(2) shall not be considered for any purpose other  
20 than to determine the proper meaning of the claims  
21 that are the subject of the request in a proceeding  
22 ordered pursuant to section 304 or 313. Any such  
23 written statements, and any materials submitted  
24 under paragraph (1), that are subject to an applica-

1        ble protective order shall be redacted to exclude in-  
2        formation subject to the order.

3        “(d) IDENTITY WITHHELD.—Upon the written re-  
4        quest of the person citing prior art or written statements  
5        under subsection (a), the person’s identity shall be ex-  
6        cluded from the patent file and kept confidential.”.

7        (b) REEXAMINATION.—Section 303(a) is amended to  
8        read as follows:

9        “(a) Within three months after the owner of a patent  
10       files a request for reexamination under section 302, the  
11       Director shall determine whether a substantial new ques-  
12       tion of patentability affecting any claim of the patent con-  
13       cerned is raised by the request, with or without consider-  
14       ation of other patents or printed publications. On the Di-  
15       rector’s own initiative, and at any time, the Director may  
16       determine whether a substantial new question of patent-  
17       ability is raised by patents and publications discovered by  
18       the Director, is cited under section 301, or is cited by any  
19       person other than the owner of the patent under section  
20       302 or section 311. The existence of a substantial new  
21       question of patentability is not precluded by the fact that  
22       a patent or printed publication was previously considered  
23       by the Office.”.

24       (c) CONDUCT OF INTER PARTES PROCEEDINGS.—  
25       Section 314 is amended—

1           (1) in the first sentence of subsection (a), by  
2       striking “conducted according to the procedures es-  
3       tablished for initial examination under the provisions  
4       of sections 132 and 133” and inserting “heard by  
5       an administrative patent judge in accordance with  
6       procedures which the Director shall establish”;

7           (2) in subsection (b), by striking paragraph (2)  
8       and inserting the following:

9       “(2) The third-party requester shall have the oppor-  
10      tunity to file written comments on any action on the mer-  
11      its by the Office in the inter partes reexamination pro-  
12      ceeding, and on any response that the patent owner files  
13      to such an action, if those written comments are received  
14      by the Office within 60 days after the date of service on  
15      the third-party requester of the Office action or patent  
16      owner response, as the case may be.”; and

17           (3) by adding at the end the following:

18       “(d) ORAL HEARING.—At the request of a third  
19      party requestor or the patent owner, the administrative  
20      patent judge shall conduct an oral hearing, unless the  
21      judge finds cause lacking for such hearing.”.

22       (d) ESTOPPEL.—Section 315(c) is amended by strik-  
23      ing “or could have raised”.

24       (e) REEXAMINATION PROHIBITED AFTER DISTRICT  
25      COURT DECISION.—Section 317(b) is amended—

1 (1) in the subsection heading, by striking  
 2 “FINAL DECISION” and inserting “DISTRICT COURT  
 3 DECISION”; and

4 (2) by striking “Once a final decision has been  
 5 entered” and inserting “Once the judgment of the  
 6 district court has been entered”.

7 (f) POST-GRANT OPPOSITION PROCEDURES.—

8 (1) IN GENERAL.—Part III is amended by add-  
 9 ing at the end the following new chapter:

10 **“CHAPTER 32—POST-GRANT REVIEW**  
 11 **PROCEDURES**

“Sec.

“321. Petition for post-grant review.

“322. Timing and bases of petition.

“323. Requirements of petition.

“324. Prohibited filings.

“325. Submission of additional information; showing of sufficient grounds.

“326. Conduct of post-grant review proceedings.

“327. Patent owner response.

“328. Proof and evidentiary standards.

“329. Amendment of the patent.

“330. Decision of the Board.

“331. Effect of decision.

“332. Settlement.

“333. Relationship to other pending proceedings.

“334. Effect of decisions rendered in civil action on post-grant review pro-  
 ceedings.

“335. Effect of final decision on future proceedings.

“336. Appeal.

12 **“§ 321. Petition for post-grant review**

13 “Subject to sections 322, 324, 332, and 333, a per-  
 14 son who is not the patent owner may file with the Office  
 15 a petition for cancellation seeking to institute a post-grant  
 16 review proceeding to cancel as unpatentable any claim of  
 17 a patent on any ground that could be raised under para-

1 graph (2) or (3) of section 282(b) (relating to invalidity  
2 of the patent or any claim). The Director shall establish,  
3 by regulation, fees to be paid by the person requesting  
4 the proceeding, in such amounts as the Director deter-  
5 mines to be reasonable.

6 **“§ 322. Timing and bases of petition**

7 “A post-grant proceeding may be instituted under  
8 this chapter pursuant to a cancellation petition filed under  
9 section 321 only if—

10 “(1) the petition is filed not later than 12  
11 months after the issuance of the patent or a reissue  
12 patent, as the case may be; or

13 “(2) the patent owner consents in writing to the  
14 proceeding.

15 **“§ 323. Requirements of petition**

16 “A cancellation petition filed under section 321 may  
17 be considered only if—

18 “(1) the petition is accompanied by payment of  
19 the fee established by the Director under section  
20 321;

21 “(2) the petition identifies the cancellation peti-  
22 tioner;

23 “(3) for each claim sought to be canceled, the  
24 petition sets forth in writing the basis for cancella-  
25 tion and provides the evidence in support thereof, in-

1 including copies of patents and printed publications,  
2 or written testimony of a witness attested to under  
3 oath or declaration by the witness, or any other in-  
4 formation that the Director may require by regula-  
5 tion; and

6 “(4) the petitioner provides copies of the peti-  
7 tion, including any evidence submitted with the peti-  
8 tion and any other information submitted under  
9 paragraph (3), to the patent owner or, if applicable,  
10 the designated representative of the patent owner.

11 **“§ 324. Prohibited filings**

12 “A post-grant review proceeding may not be insti-  
13 tuted under section 322 if the petition for cancellation re-  
14 questing the proceeding—

15 “(1) identifies the same cancellation petitioner  
16 and the same patent as a previous petition for can-  
17 cellation filed under such section; or

18 “(2) is based on the best mode requirement  
19 contained in section 112.

20 **“§ 325. Submission of additional information; show-**  
21 **ing of sufficient grounds**

22 “(a) IN GENERAL.—The cancellation petitioner shall  
23 file such additional information with respect to the peti-  
24 tion as the Director may require. For each petition sub-  
25 mitted under section 321, the Director shall determine if

1 the written statement, and any evidence submitted with  
2 the request, establish that a substantial question of pat-  
3 entability exists for at least one claim in the patent. The  
4 Director may initiate a post-grant review proceeding if the  
5 Director determines that the information presented pro-  
6 vides sufficient grounds to believe that there is a substan-  
7 tial question of patentability concerning one or more  
8 claims of the patent at issue.

9 “(b) NOTIFICATION; DETERMINATIONS NOT RE-  
10 VIEWABLE.—The Director shall notify the patent owner  
11 and each petitioner in writing of the Director’s determina-  
12 tion under subsection (a), including a determination to  
13 deny the petition. The Director shall make that determina-  
14 tion in writing not later than 60 days after receiving the  
15 petition. Any determination made by the Director under  
16 subsection (a), including whether or not to institute a  
17 post-grant review proceeding or to deny the petition, shall  
18 not be reviewable.

19 **“§ 326. Conduct of post-grant review proceedings**

20 “(a) IN GENERAL.—The Director shall prescribe reg-  
21 ulations, in accordance with section 2(b)(2)—

22 “(1) establishing and governing post-grant re-  
23 view proceedings under this chapter and their rela-  
24 tionship to other proceedings under this title;



1           “(2) establishing procedures for the submission  
2           of supplemental information after the petition for  
3           cancellation is filed; and

4           “(3) setting forth procedures for discovery of  
5           relevant evidence, including that such discovery shall  
6           be limited to evidence directly related to factual as-  
7           sertions advanced by either party in the proceeding,  
8           and the procedures for obtaining such evidence shall  
9           be consistent with the purpose and nature of the  
10          proceeding.

11       In carrying out paragraph (3), the Director shall bear in  
12       mind that discovery must be in the interests of justice.

13          “(b)    POST-GRANT    REGULATIONS.—Regulations  
14       under subsection (a)(1)—

15               “(1) shall require that the final determination  
16               in a post-grant proceeding issue not later than one  
17               year after the date on which the post-grant review  
18               proceeding is instituted under this chapter, except  
19               that, for good cause shown, the Director may extend  
20               the 1-year period by not more than six months;

21               “(2) shall provide for discovery upon order of  
22               the Director;

23               “(3) shall provide for publication of notice in  
24               the Federal Register of the filing of a petition for  
25               post-grant review under this chapter, for publication

1 of the petition, and documents, orders, and decisions  
2 relating to the petition, on the website of the Patent  
3 and Trademark Office, and for filings under seal ex-  
4 empt from publication requirements;

5 “(4) shall prescribe sanctions for abuse of dis-  
6 covery, abuse of process, or any other improper use  
7 of the proceeding, such as to harass or to cause un-  
8 necessary delay or unnecessary increase in the cost  
9 of the proceeding;

10 “(5) may provide for protective orders gov-  
11 erning the exchange and submission of confidential  
12 information; and

13 “(6) shall ensure that any information sub-  
14 mitted by the patent owner in support of any  
15 amendment entered under section 329 is made avail-  
16 able to the public as part of the prosecution history  
17 of the patent.

18 “(c) CONSIDERATIONS.—In prescribing regulations  
19 under this section, the Director shall consider the effect  
20 on the economy, the integrity of the patent system, and  
21 the efficient administration of the Office.

22 “(d) CONDUCT OF PROCEEDING.—The Patent Trial  
23 and Appeal Board shall, in accordance with section 6(b),  
24 conduct each post-grant review proceeding authorized by  
25 the Director.

1 **“§ 327. Patent owner response**

2 “After a post-grant proceeding under this chapter  
3 has been instituted with respect to a patent, the patent  
4 owner shall have the right to file, within a time period  
5 set by the Director, a response to the cancellation petition.  
6 The patent owner shall file with the response, through af-  
7 fidavits or declarations, any additional factual evidence  
8 and expert opinions on which the patent owner relies in  
9 support of the response.

10 **“§ 328. Proof and evidentiary standards**

11 “(a) IN GENERAL.—The presumption of validity set  
12 forth in section 282 shall not apply in a challenge to any  
13 patent claim under this chapter.

14 “(b) BURDEN OF PROOF.—The party advancing a  
15 proposition under this chapter shall have the burden of  
16 proving that proposition by a preponderance of the evi-  
17 dence.

18 **“§ 329. Amendment of the patent**

19 “(a) IN GENERAL.—In response to a challenge in a  
20 petition for cancellation, the patent owner may file one  
21 motion to amend the patent in one or more of the fol-  
22 lowing ways:

23 “(1) Cancel any challenged patent claim.

24 “(2) For each challenged claim, propose a sub-  
25 stitute claim.

1           “(3) Amend the patent drawings or otherwise  
2           amend the patent other than the claims.

3           “(b) ADDITIONAL MOTIONS.—Additional motions to  
4           amend may be permitted only for good cause shown.

5           “(c) SCOPE OF CLAIMS.—An amendment under this  
6           section may not enlarge the scope of the claims of the pat-  
7           ent or introduce new matter.

8           **“§ 330. Decision of the Board**

9           “If the post-grant review proceeding is instituted and  
10          not dismissed under this chapter, the Patent Trial and  
11          Appeal Board shall issue a final written decision address-  
12          ing the patentability of any patent claim challenged and  
13          any new claim added under section 329.

14          **“§ 331. Effect of decision**

15          “(a) IN GENERAL.—If the Patent Trial and Appeal  
16          Board issues a final decision under section 330 and the  
17          time for appeal has expired or any appeal proceeding has  
18          terminated, the Director shall issue and publish a certifi-  
19          cate canceling any claim of the patent finally determined  
20          to be unpatentable and incorporating in the patent by op-  
21          eration of the certificate any new claim determined to be  
22          patentable.

23          “(b) NEW CLAIMS.—Any new claim held to be pat-  
24          entable and incorporated into a patent in a post-grant re-  
25          view proceeding shall have the same effect as that speci-

1 filed in section 252 for reissued patents on the right of  
2 any person who made, purchased, offered to sell, or used  
3 within the United States, or imported into the United  
4 States, anything patented by such new claim, or who made  
5 substantial preparations therefor, before a certificate  
6 under subsection (a) of this section is issued.

7 **“§ 332. Settlement**

8       “(a) IN GENERAL.—A post-grant review proceeding  
9 shall be terminated with respect to any petitioner upon  
10 the joint request of the petitioner and the patent owner,  
11 unless the Patent Trial and Appeal Board has issued a  
12 written decision before the request for termination is filed.  
13 If the post-grant review proceeding is terminated with re-  
14 spect to a petitioner under this paragraph, no estoppel  
15 shall apply to that petitioner. If no petitioner remains in  
16 the proceeding, the panel of administrative patent judges  
17 assigned to the proceeding shall terminate the proceeding.

18       “(b) AGREEMENT IN WRITING.—Any agreement or  
19 understanding between the patent owner and a petitioner,  
20 including any collateral agreements referred to in the  
21 agreement or understanding, that is made in connection  
22 with or in contemplation of the termination of a post-grant  
23 review proceeding, must be in writing. A post-grant review  
24 proceeding as between the parties to the agreement or un-  
25 derstanding may not be terminated until a copy of the

1 agreement or understanding, including any such collateral  
2 agreements, has been filed in the Office. If any party filing  
3 such an agreement or understanding requests, the agree-  
4 ment or understanding shall be kept separate from the  
5 file of the post-grant review proceeding, and shall be made  
6 available only to Government agencies on written request,  
7 or to any person on a showing of good cause.

8 **“§ 333. Relationship to other proceedings**

9 “(a) IN GENERAL.—Notwithstanding subsection  
10 135(a), sections 251 and 252, and chapter 30, the Direc-  
11 tor may determine the manner in which any reexamination  
12 proceeding, reissue proceeding, interference proceeding  
13 (commenced with respect to an application for patent filed  
14 before the effective date provided in section 3(k) of the  
15 Patent Reform Act of 2007), derivation proceeding, or  
16 post-grant review proceeding, that is pending during a  
17 post-grant review proceeding, may proceed, including pro-  
18 viding for stay, transfer, consolidation, or termination of  
19 any such proceeding.

20 “(b) STAYS.—The Director may stay a post-grant re-  
21 view proceeding if a pending civil action for infringement  
22 of a patent addresses the same or substantially the same  
23 questions of patentability raised against the patent in a  
24 petition for post-grant review.

1       “(c) EFFECT OF COMMENCEMENT OF PRO-  
2 CEEDING.—The commencement of a post-grant review  
3 proceeding—

4               “(1) shall not limit in any way the right of the  
5 patent owner to commence an action for infringe-  
6 ment of the patent; and

7               “(2) shall not be cited as evidence relating to  
8 the validity of any claim of the patent in any pro-  
9 ceeding before a court or the International Trade  
10 Commission concerning the patent.

11 **“§ 334. Effect of decisions rendered in civil action on**  
12 **post-grant review proceedings**

13       “If a final decision is entered against a party in a  
14 civil action arising in whole or in part under section 1338  
15 of title 28 establishing that the party has not sustained  
16 its burden of proving the invalidity of any patent claim—

17               “(1) that party to the civil action and the  
18 privies of that party may not thereafter request a  
19 post-grant review proceeding on that patent claim on  
20 the basis of any grounds, under the provisions of  
21 section 321, which that party or the privies of that  
22 party raised or could have raised; and

23               “(2) the Director may not thereafter maintain  
24 a post-grant review proceeding that was requested,  
25 before the final decision was so entered, by that

1 party or the privies of that party on the basis of  
2 such grounds.

3 **“§ 335. Effect of final decision on future proceedings**

4 “If a final decision under section 330 is favorable to  
5 the patentability of any original or new claim of the patent  
6 challenged by the cancellation petitioner, the cancellation  
7 petitioner may not thereafter, based on any ground that  
8 the cancellation petitioner raised during the post-grant re-  
9 view proceeding—

10 “(1) request or pursue a reexamination of such  
11 claim under chapter 31;

12 “(2) request or pursue a derivation proceeding  
13 with respect to such claim;

14 “(3) request or pursue a post-grant review pro-  
15 ceeding under this chapter with respect to such  
16 claim;

17 “(4) assert the invalidity of any such claim in  
18 any civil action arising in whole or in part under sec-  
19 tion 1338 of title 28; or

20 “(5) assert the invalidity of any such claim in  
21 defense to an action brought under section 337 of  
22 the Tariff Act of 1930 (19 U.S.C. 1337).

23 **“§ 336. Appeal**

24 “A party dissatisfied with the final determination of  
25 the Patent Trial and Appeal Board in a post-grant pro-



ceeding under this chapter may appeal the determination under sections 141 through 144. Any party to the post-grant proceeding shall have the right to be a party to the appeal.”.

(g) CONFORMING AMENDMENT.—The table of chapters for part III is amended by adding at the end the following:

**“32. Post-Grant Review Proceedings ..... 321”.**

(h) REPEAL.—Section 4607 of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106–113, is repealed.

(i) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments and repeal made by this section shall take effect at the end of the 1-year period beginning on the date of the enactment of this Act.

(2) APPLICABILITY TO EX PARTE AND INTER PARTES PROCEEDINGS.—Notwithstanding any other provision of law, sections 301 and 311 through 318 of title 35, United States Code, as amended by this section, shall apply to any patent that issues before, on, or after the effective date under paragraph (1) from an original application filed on any date.

(3) APPLICABILITY TO POST-GRANT PROCEEDINGS.—The amendments made by subsections

1 (f) and (g) shall apply to patents issued on or after  
 2 the effective date under paragraph (1).

3 (j) REGULATIONS.—The Under Secretary of Com-  
 4 merce for Intellectual Property and Director of the United  
 5 States Patent and Trademark Office (in this subsection  
 6 referred to as the “Director”) shall, not later than the  
 7 date that is 1 year after the date of the enactment of this  
 8 Act, issue regulations to carry out chapter 32 of title 35,  
 9 United States Code, as added by subsection (f) of this sec-  
 10 tion.

11 **SEC. 7. DEFINITIONS; PATENT TRIAL AND APPEAL BOARD.**

12 (a) DEFINITIONS.—Section 100 (as amended by this  
 13 Act) is further amended by adding at the end the fol-  
 14 lowing:

15 “(k) The term ‘cancellation petitioner’ means the real  
 16 party in interest requesting cancellation of any claim of  
 17 a patent under chapter 32 of this title and the privies of  
 18 the real party in interest.”.

19 (a) PATENT TRIAL AND APPEAL BOARD.—Section 6  
 20 is amended to read as follows:

21 **“§ 6. Patent Trial and Appeal Board**

22 “(a) ESTABLISHMENT AND COMPOSITION.—There  
 23 shall be in the Office a Patent Trial and Appeal Board.  
 24 The administrative patent judges shall constitute the Pat-  
 25 ent Trial and Appeal Board. The administrative patent

1 judges shall be persons of competent legal knowledge and  
2 scientific ability who are appointed by the Secretary of  
3 Commerce. Any reference in any Federal law, Executive  
4 order, rule, regulation, or delegation of authority, or any  
5 document of or pertaining to the Board of Patent Appeals  
6 and Interferences is deemed to refer to the Patent Trial  
7 and Appeal Board.

8 “(b) DUTIES.—The Patent Trial and Appeal Board  
9 shall—

10 “(1) on written appeal of an applicant, review  
11 adverse decisions of examiners upon application for  
12 patents;

13 “(2) on written appeal of a patent owner, re-  
14 view adverse decisions of examiners upon patents in  
15 reexamination proceedings under chapter 30;

16 “(3) review appeals by patent owners and third-  
17 party requesters under section 315;

18 “(4) determine priority and patentability of in-  
19 vention in derivation proceedings under section  
20 135(a); and

21 “(5) conduct post-grant opposition proceedings  
22 under chapter 32.

23 Each appeal and derivation proceeding shall be heard by  
24 at least 3 members of the Patent Trial and Appeal Board,  
25 who shall be designated by the Director. Only the Patent

1 Trial and Appeal Board may grant rehearings. The Direc-  
2 tor shall assign each post-grant review proceeding to a  
3 panel of 3 administrative patent judges. Once assigned,  
4 each such panel of administrative patent judges shall have  
5 the responsibilities under chapter 32 in connection with  
6 post-grant review proceedings.”.

7 (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall take effect at the end of the 1-year period  
9 beginning on the date of the enactment of this Act.

10 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**  
11 **CEEDINGS.**

12 The Under Secretary of Commerce for Intellectual  
13 Property and Director of the Patent and Trademark Of-  
14 fice shall, not later than 2 years after the date of the en-  
15 actment of this Act—

16 (1) conduct a study of the effectiveness and ef-  
17 ficiency of the different forms of proceedings avail-  
18 able under title 35, United States Code, for the re-  
19 examination of patents; and

20 (2) submit to the Committees on the Judiciary  
21 of the House of Representatives and the Senate a  
22 report on the results of the study, including any of  
23 the Director’s suggestions for amending the law, and  
24 any other recommendations the Director has with  
25 respect to patent reexamination proceedings.

1 **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**  
2 **QUALITY ENHANCEMENTS.**

3 (a) PUBLICATION.—Section 122(b)(2)(B)(i) is  
4 amended by striking “published as provided in paragraph  
5 (1).” and inserting the following: “published until the later  
6 of—

7 “(I) three months after a second action is  
8 taken pursuant to section 132 on the applica-  
9 tion, of which notice has been given or mailed  
10 to the applicant; or

11 “(II) the date specified in paragraph (1).”.

12 (b) PREISSUANCE SUBMISSIONS BY THIRD PAR-  
13 TIES.—Section 122 is amended by adding at the end the  
14 following:

15 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-  
16 TIES.—

17 “(1) IN GENERAL.—Any person may submit for  
18 consideration and inclusion in the record of a patent  
19 application, any patent, published patent application,  
20 or other publication of potential relevance to the ex-  
21 amination of the application, if such submission is  
22 made in writing before the earlier of—

23 “(A) the date a notice of allowance under  
24 section 151 is mailed in the application for pat-  
25 ent; or

26 “(B) either—

1 “(i) 6 months after the date on which  
2 the application for patent is published  
3 under section 122, or

4 “(ii) the date of the first rejection  
5 under section 132 of any claim by the ex-  
6 aminer during the examination of the ap-  
7 plication for patent,

8 whichever occurs later.

9 “(2) OTHER REQUIREMENTS.—Any submission  
10 under paragraph (1) shall—

11 “(A) set forth a concise description of the  
12 asserted relevance of each submitted document;

13 “(B) be accompanied by such fee as the  
14 Director may prescribe;

15 “(C) include a statement by the submitter  
16 affirming that the submission was made in  
17 compliance with this section; and

18 “(D) identify the real party-in-interest  
19 making the submission.”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section—

22 (1) shall take effect at the end of the 1-year pe-  
23 riod beginning on the date of the enactment of this  
24 Act; and

1           (2) shall apply to any application for patent  
 2       filed before, on, or after the effective date under  
 3       paragraph (1).

4 **SEC. 10. TAX PLANNING METHODS NOT PATENTABLE.**

5       (a) IN GENERAL.—Section 101 is amended—

6           (1) by striking “Whoever” and inserting “(a)  
 7       PATENTABLE INVENTIONS.—Whoever”; and

8           (2) by adding at the end the following:

9       “(b) TAX PLANNING METHODS.—

10           “(1) UNPATENTABLE SUBJECT MATTER.—A  
 11       patent may not be obtained for a tax planning meth-  
 12       od.

13           “(2) DEFINITIONS.—For purposes of paragraph  
 14       (1)—

15           “(A) the term ‘tax planning method’  
 16       means a plan, strategy, technique, or scheme  
 17       that is designed to reduce, minimize, or defer,  
 18       or has, when implemented, the effect of reduc-  
 19       ing, minimizing, or deferring, a taxpayer’s tax  
 20       liability, but does not include the use of tax  
 21       preparation software or other tools used solely  
 22       to perform or model mathematical calculations  
 23       or prepare tax or information returns;

24           “(B) the term ‘taxpayer’ means an indi-  
 25       vidual, entity, or other person (as defined in

1 section 7701 of the Internal Revenue Code of  
2 1986) that is subject to taxation directly, is re-  
3 quired to prepare a tax return or information  
4 statement to enable one or more other persons  
5 to determine their tax liability, or is otherwise  
6 subject to a tax law;

7 “(C) the terms ‘tax’, ‘tax laws’, ‘tax liabil-  
8 ity’, and ‘taxation’ refer to any Federal, State,  
9 county, city, municipality, or other govern-  
10 mental levy, assessment, or imposition, whether  
11 measured by income, value, or otherwise; and

12 “(D) the term ‘State’ means each of the  
13 several States, the District of Columbia, and  
14 any commonwealth, territory, or possession of  
15 the United States.”.

16 (b) APPLICABILITY.—The amendments made by this  
17 section—

18 (1) shall take effect on the date of the enact-  
19 ment of this Act;

20 (2) shall apply to any application for patent or  
21 application for a reissue patent that is—

22 (A) filed on or after the date of the enact-  
23 ment of this Act; or



1 (B) filed before that date if a patent or re-  
2 issue patent has not been issued pursuant to  
3 the application as of that date; and

4 (3) shall not be construed as validating any pat-  
5 ent issued before the date of the enactment of this  
6 Act for an invention described in section 101(b) of  
7 title 35, United States Code, as amended by this  
8 section.

9 **SEC. 11. VENUE AND JURISDICTION.**

10 (a) VENUE FOR PATENT CASES.—Section 1400 of  
11 title 28, United States Code, is amended by striking sub-  
12 section (b) and inserting the following:

13 “(b) In any civil action arising under any Act of Con-  
14 gress relating to patents, a party shall not manufacture  
15 venue by assignment, incorporation, joinder, or otherwise  
16 primarily to invoke the venue of a specific district court.

17 “(c) Notwithstanding section 1391 of this title, ex-  
18 cept as provided in paragraph (3) of this subsection, any  
19 civil action for patent infringement or any action for de-  
20 claratory judgment relating to a patent may be brought  
21 only in a judicial district—

22 “(1) where the defendant has its principal place  
23 of business or is incorporated, or, for foreign cor-  
24 porations with a United States subsidiary, where the

1 defendant's primary United States subsidiary has its  
2 principal place of business or is incorporated;

3 “(2) where the defendant has committed a sub-  
4 stantial portion of the acts of infringement and has  
5 a regular and established physical facility that the  
6 defendant controls and that constitutes a substantial  
7 portion of the defendant's operations;

8 “(3) for cases involving only foreign defendants  
9 with no United States subsidiary, according to sec-  
10 tion 1391(d) of this title;

11 “(4) where the plaintiff resides, if the plaintiff  
12 is—

13 “(A) an institution of higher education as  
14 defined under section 101(a) of the Higher  
15 Education Act of 1965 (20 U.S.C. section  
16 1001(a)); or

17 “(B) a nonprofit organization that—

18 “(i) is described in section 501(c)(3)  
19 of the Internal Revenue Code of 1986;

20 “(ii) is exempt from taxation under  
21 section 501(a) of such Code; and

22 “(iii) serves primarily as the patent  
23 and licensing organization for an institu-  
24 tion of higher education as defined under

1 section 101(a) of the Higher Education  
2 Act of 1965 (20 U.S.C. 1001(a));

3 “(5) where the plaintiff or a subsidiary has a  
4 place of business that is engaged in substantial—

5 “(A) research and development,

6 “(B) manufacturing activities, or

7 “(C) management of research and develop-  
8 ment or manufacturing activities,

9 related to the patent or patents in dispute;

10 “(6) where the plaintiff resides if the plaintiff  
11 is named as inventor or co-inventor on the patent  
12 and has not assigned, granted, conveyed, or licensed,  
13 and is under no obligation to assign, grant, convey,  
14 or license, any rights in the patent or in enforcement  
15 of the patent, including the results of any such en-  
16 forcement; or

17 “(7) where any of the defendants has substan-  
18 tial evidence and witnesses if there is no other dis-  
19 trict in which the action may be brought under this  
20 section.”.

21 (b) INTERLOCUTORY APPEALS.—Subsection (c) of  
22 section 1292 of title 28, United States Code, is amended—

23 (1) by striking “and” at the end of paragraph  
24 (1);

1           (2) by striking the period at the end of para-  
2       graph (2) and inserting “; and”; and

3           (3) by adding at the end the following:

4           “(3) of an appeal from an interlocutory order  
5       or decree determining construction of claims in a  
6       civil action for patent infringement under section  
7       271 of title 35.

8       Application for an appeal under paragraph (3) shall be  
9       made to the court within 10 days after entry of the order  
10      or decree. The district court shall have discretion whether  
11      to approve the application and, if so, whether to stay pro-  
12      ceedings in the district court during pendency of the ap-  
13      peal.”.

14      (c) EFFECTIVE DATE.—

15           (1) IN GENERAL.—The amendments made by  
16      this section—

17           (A) shall take effect on the date of the en-  
18      actment of this Act; and

19           (B) shall apply to any civil action com-  
20      menced on or after such date of enactment.

21           (2) PENDING CASES.—Any case commenced in  
22      a United States district court on or after September  
23      7, 2007, in which venue is improper under section  
24      1400 of title 28, United States Code, as amended by

1       this section, shall be transferred pursuant to section  
2       1404 of such title, unless—

3               (A) one or more substantive rulings on the  
4               merits, or other substantial litigation, has oc-  
5               curred; and

6               (B) the court finds that transfer would not  
7               serve the interests of justice.

8   **SEC. 12. ADDITIONAL INFORMATION; INEQUITABLE CON-**  
9               **DUCT AS DEFENSE TO INFRINGEMENT.**

10       (a) DISCLOSURE REQUIREMENTS FOR APPLI-  
11       CANTS.—

12               (1) IN GENERAL.—Chapter 11 is amended by  
13       adding at the end the following new section:

14   **“§ 123. Additional information**

15       “(a) IN GENERAL.—The Director may, by regulation,  
16       require that applicants submit a search report and other  
17       information and analysis relevant to patentability. If the  
18       Director requires a search report to be submitted by appli-  
19       cants, and an applicant does not itself perform the search,  
20       the search must be performed by one or more individuals  
21       who are United States citizens or by a commercial entity  
22       that is organized under the laws of the United States or  
23       any State and employs United States citizens to perform  
24       such searches. An application shall be regarded as aban-  
25       doned if the applicant fails to submit a search report, in-

1 formation, or an analysis in the manner and within the  
2 time period prescribed by the Director. Any search report  
3 required by the Director may not substitute in any way  
4 for a search by an examiner of the prior art during exam-  
5 ination.

6 “(b) EXCEPTION FOR MICRO ENTITIES.—Applica-  
7 tions from micro-entities shall not be subject to the re-  
8 quirements of regulations issued under subsection (a).

9 **“§ 124. Micro entities**

10 “(a) DEFINITION.—For purposes of this title, the  
11 term ‘micro entity’ means an applicant for patent who  
12 makes a certification under either subsection (b) or (c).

13 “(b) UNASSIGNED APPLICATION.—A certification  
14 under this subsection is a certification by each inventor  
15 named in the application that the inventor—

16 “(1) qualifies as a small entity as defined in  
17 regulations issued by the Director;

18 “(2) has not been named on five or more pre-  
19 viously filed patent applications;

20 “(3) has not assigned, granted, or conveyed,  
21 and is not under an obligation by contract or law to  
22 assign, grant, or convey, a license or any other own-  
23 ership interest in the application; and

24 “(4) does not have a gross income, as defined  
25 in section 61(a) of the Internal Revenue Code of

1       1986, exceeding 2.5 times the median household in-  
2       come, as reported by the Bureau of the Census, for  
3       the most recent calendar year preceding the calendar  
4       year in which the examination fee is being paid.

5       “(c) ASSIGNED APPLICATION.—A certification under  
6       this subsection is a certification by each inventor named  
7       in the application that the inventor—

8               “(1) qualifies as a small entity as defined in  
9       regulations issued by the Director and meets the re-  
10      quirements of subsection (b)(4);

11              “(2) has not been named on five or more pre-  
12      viously filed patent applications; and

13              “(3) has assigned, granted, conveyed, or is  
14      under an obligation by contract or law to assign,  
15      grant, or convey, a license or other ownership inter-  
16      est in the application to an entity that has five or  
17      fewer employees and has a gross taxable income, as  
18      defined in section 61(a) of the Internal Revenue  
19      Code of 1986, that does not exceed 2.5 times the  
20      median household income, as reported by the Bu-  
21      reau of the Census, for the most recent calendar  
22      year preceding the calendar year in which the exam-  
23      ination fee is being paid.”.

1           (2) CONFORMING AMENDMENT.—The table of  
 2           sections for chapter 11 is amended by adding at the  
 3           end the following new items:

“123. Additional information.

“124. Micro entities.”.

4           (b) INEQUITABLE CONDUCT AS DEFENSE TO IN-  
 5 FRINGEMENT.—Section 282 is amended—

6           (1) in the first undesignated paragraph, by  
 7           striking “A patent” and inserting “(a) IN GEN-  
 8           ERAL.—A patent”;

9           (2) in the second undesignated paragraph—

10           (A) by striking “The following” and insert-  
 11           ing “(b) DEFENSES.—The following”; and

12           (B) by striking the comma at the end of  
 13           each of paragraphs (1), (2), and (3) and insert-  
 14           ing a period;

15           (3) in the third undesignated paragraph—

16           (A) by striking “In actions” and inserting  
 17           “(d) NOTICE OF ACTIONS; PLEADING.—In ac-  
 18           tions”;

19           (B) by inserting after the second sentence  
 20           the following: “In an action involving any alle-  
 21           gation of inequitable conduct under subsection  
 22           (c), the party asserting this defense or claim  
 23           shall comply with the pleading requirements set



1           forth in Rule 9(b) of the Federal Rules of Civil  
2           Procedure.”; and

3                   (C) by striking “Invalidity” and inserting  
4           “(e) EXTENSION OF PATENT TERM.—Inva-  
5           lidity”; and

6                   (4) by inserting after subsection (b), as des-  
7           ignated by paragraph (2) of this subsection, the fol-  
8           lowing:

9           “(c) INEQUITABLE CONDUCT.—

10                   “(1) DEFENSE.—One or more claims of a pat-  
11           ent may be held to be unenforceable, or other rem-  
12           edy imposed under paragraph (4), for inequitable  
13           conduct only if it is established, by clear and con-  
14           vincing evidence, that a person with a duty of disclo-  
15           sure to the Office, with the intent to mislead or de-  
16           ceive the patent examiner, misrepresented or failed  
17           to disclose material information to the examiner dur-  
18           ing examination of the patent.

19                   “(2) MATERIALITY.—

20                           “(A) IN GENERAL.—Information is mate-  
21           rial under this section if—

22                                   “(i) a reasonable examiner would have  
23                           made a prima facie finding of  
24                           unpatentability, or maintained a finding of  
25                           unpatentability, of one or more of the pat-

ent claims based on the information, and the information is not cumulative to information already of record or previously considered by the Office; or

“(ii) information that is otherwise material refutes or is inconsistent with a position the applicant takes in opposing a rejection of the claim or in asserting an argument of patentability.

“(B) PRIMA FACIE FINDING.—A prima facie finding of unpatentability under this section is shown if a reasonable examiner, based on a preponderance of the evidence, would conclude that the claim is unpatentable based on the information misrepresented or not disclosed, when that information is considered alone or in conjunction with other information or record. In determining whether there is a prima facie finding of unpatentability, each term in the claim shall be given its broadest reasonable construction consistent with the specification, and rebuttal evidence shall not be considered.

“(3) INTENT.—To prove a person with a duty of disclosure to the Office intended to mislead or deceive the examiner under paragraph (1), specific

1 facts beyond materiality of the information misrep-  
2 sented or not disclosed must be proven that establish  
3 the intent of the person to mislead or deceive the ex-  
4 aminer by the actions of the person. Facts support  
5 an intent to mislead or deceive if they show cir-  
6 cumstances that indicate conscious or deliberate be-  
7 havior on the part of the person to not disclose ma-  
8 terial information or to submit false material infor-  
9 mation in order to mislead or deceive the examiner.  
10 Circumstantial evidence may be used to prove that  
11 a person had the intent to mislead or deceive the ex-  
12 aminer under paragraph (1).

13 “(4) REMEDY.—Upon a finding of inequitable  
14 conduct, the court shall balance the equities to de-  
15 termine which of the following remedies to impose:

16 “(A) Denying equitable relief to the patent  
17 holder and limiting the remedy for infringement  
18 to reasonable royalties.

19 “(B) Holding the claims-in-suit, or the  
20 claims in which inequitable conduct occurred,  
21 unenforceable.

22 “(C) Holding the patent unenforceable.

23 “(D) Holding the claims of a related pat-  
24 ent unenforceable.

1           “(5) ATTORNEY MISCONDUCT.—Upon a finding  
2           of inequitable conduct, if there is evidence that the  
3           conduct is attributable to a person or persons au-  
4           thorized to practice before the Office, the court shall  
5           refer the matter to the Office for appropriate dis-  
6           ciplinary action under section 32, and shall order the  
7           parties to preserve and make available to the Office  
8           any materials that may be relevant to the determina-  
9           tion under section 32.”.

10          (c) EFFECTIVE DATE.—

11                (1) SUBSECTION (a).—The amendments made  
12                by subsection (a)—

13                    (A) shall take effect at the end of the 1-  
14                    year period beginning on the date of the enact-  
15                    ment of this Act; and

16                    (B) shall apply to any application for pat-  
17                    ent filed on or after the effective date under  
18                    subparagraph (A).

19                (2) SUBSECTION (b).—The amendments made  
20                by subsection (b) shall apply to any civil action com-  
21                menced on or after the date of the enactment of this  
22                Act.

1 **SEC. 13. BEST MODE REQUIREMENT.**

2 Section 282(b) (as designated by section 12(b) of this  
3 Act) is amended by striking paragraph (3) and inserting  
4 the following:

5 “(3) Invalidity of the patent or any claim in  
6 suit for failure to comply with—

7 “(A) any requirement of section 112 of  
8 this title, other than the requirement that the  
9 specification shall set forth the best mode con-  
10 templated by the inventor of carrying out his  
11 invention; or

12 “(B) any requirement of section 251 of  
13 this title.”.

14 **SEC. 14. REGULATORY AUTHORITY.**

15 (a) **REGULATORY AUTHORITY.**—Section 2(c) is  
16 amended by adding at the end the following:

17 “(6) The powers granted under paragraph (2) of sub-  
18 section (b) include the authority to promulgate regulations  
19 to ensure the quality and timeliness of applications and  
20 their examination, including specifying circumstances  
21 under which an application for patent may claim the ben-  
22 efit under sections 120, 121 and 365(c) of the filing date  
23 of a prior filed application for patent.”.

24 (b) **CLARIFICATION.**—The amendment made by sub-  
25 section (a) clarifies the scope of power granted to the  
26 United States Patent and Trademark Office by paragraph

1 (2) of section 2(b) of title 35, United States Code, as in  
2 effect since the enactment of Public Law 106–113.

3 (c) EFFECTIVE DATE OF REGULATIONS.—

4 (1) REVIEW BY CONGRESS.—A regulation pro-  
5 mulgated by the United States Patent and Trade-  
6 mark Office under section 2(b)(2) of title 35, United  
7 States Code, with respect to any matter described in  
8 section 2(c)(6) of such title, as added by subsection  
9 (a) of this section, may not take effect before the  
10 end of a period of 60 days beginning on the date on  
11 which the Under Secretary of Commerce for Intellec-  
12 tual Property and Director of the United States Pat-  
13 ent and Trademark Office submits to each House of  
14 Congress a copy of the regulation, together with a  
15 report containing the reasons for its adoption. The  
16 regulation and report so submitted shall be referred  
17 to the Committee on the Judiciary of the House of  
18 Representatives and the Committee on the Judiciary  
19 of the Senate.

20 (2) JOINT RESOLUTION OF DISAPPROVAL.—If a  
21 joint resolution of disapproval with respect to the  
22 regulation is enacted into law, the regulation shall  
23 not become effective or continue in effect.

24 (3) JOINT RESOLUTION DEFINED.—For pur-  
25 poses of this subsection, the term a “joint resolution

1 of disapproval” means a joint resolution, the matter  
2 after the resolving clause of which is as follows:  
3 “That Congress disapproves the regulation sub-  
4 mitted by the Under Secretary of Commerce for In-  
5 tellectual Property and Director of the United States  
6 Patent and Trademark Office on \_\_\_\_\_ relating to  
7 \_\_\_\_\_, and such regulation shall have no force or  
8 effect.”, with the first space being filled with the ap-  
9 propriate date, and the second space being filled  
10 with a description of the regulation at issue.

11 (4) REFERRAL.—A joint resolution of dis-  
12 approval shall be referred in the House of Rep-  
13 resentatives to the Committee on the Judiciary and  
14 in the Senate to the Committee on the Judiciary.

15 (5) FLOOR CONSIDERATION.—A vote on final  
16 passage of a joint resolution of disapproval shall be  
17 taken in each House on or before the close of the  
18 15th day after the bill or resolution is reported by  
19 the committee of that House to which it was re-  
20 ferred or after such committee has been discharged  
21 from further consideration of the joint resolution of  
22 disapproval.

23 (6) NO INFERENCES.—If the Congress does not  
24 enact a joint resolution of disapproval, no court or

1       agency may infer therefrom any intent of the Con-  
2       gress with regard to such regulation or action.

3           (7) CALCULATION OF DAYS.—The 60-day pe-  
4       riod referred to in paragraph (1) and the 15-day pe-  
5       riod referred to in paragraph (5) shall be computed  
6       by excluding—

7           (A) the days on which either House of  
8       Congress is not in session because of an ad-  
9       journment of the Congress sine die; and

10          (B) any Saturday and Sunday, not ex-  
11       cluded under subparagraph (A), when either  
12       House is not in session.

13          (8) RULEMAKING AUTHORITY.—This subsection  
14       is enacted by the Congress as an exercise of the  
15       rulemaking power of the Senate and House of Rep-  
16       resentatives respectively, and as such it is deemed a  
17       part of the rules of each House, respectively.

18   **SEC. 15. TECHNICAL AMENDMENTS.**

19       (a) JOINT INVENTIONS.—Section 116 is amended—

20           (1) in the first paragraph, by striking  
21       “When” and inserting “(a) JOINT INVEN-  
22       TIONS.—When”;

23           (2) in the second paragraph, by striking  
24       “If a joint inventor” and inserting “(b) OMIT-  
25       TED INVENTOR.—If a joint inventor”; and



1                   (3) in the third paragraph, by striking  
 2                   “Whenever” and inserting “(c) CORRECTION OF  
 3                   ERRORS IN APPLICATION.—Whenever”.

4           (b) FILING OF APPLICATION IN FOREIGN COUN-  
 5 TRY.—Section 184 is amended—

6                   (1) in the first paragraph, by striking “Except  
 7                   when” and inserting “(a) FILING IN FOREIGN  
 8                   COUNTRY.—Except when”;

9                   (2) in the second paragraph, by striking “The  
 10                   term” and inserting “(b) APPLICATION.—The  
 11                   term”; and

12                   (3) in the third paragraph, by striking “The  
 13                   scope” and inserting “(c) SUBSEQUENT MODIFICA-  
 14                   TIONS, AMENDMENTS, AND SUPPLEMENTS.—The  
 15                   scope”.

16           (c) REISSUE OF DEFECTIVE PATENTS.—Section 251  
 17 is amended—

18                   (1) in the first paragraph, by striking “When-  
 19                   ever” and inserting “(a) IN GENERAL.—Whenever”;

20                   (2) in the second paragraph, by striking “The  
 21                   Director” and inserting “(b) MULTIPLE REISSUED  
 22                   PATENTS.—The Director”;

23                   (3) in the third paragraph, by striking “The  
 24                   provisions” and inserting “(c) APPLICABILITY OF  
 25                   THIS TITLE.—The provisions”; and

1           (4) in the last paragraph, by striking “No re-  
2       issued patent” and inserting “(d) REISSUE PATENT  
3       ENLARGING SCOPE OF CLAIMS.—No reissued pat-  
4       ent”.

5       (d) EFFECT OF REISSUE.—Section 253 is amend-  
6       ed—

7           (1) in the first paragraph, by striking “When-  
8       ever” and inserting “(a) IN GENERAL.—Whenever”;  
9       and

10          (2) in the second paragraph, by striking “In  
11       like manner” and inserting “(b) ADDITIONAL DIS-  
12       CLAIMER OR DEDICATION.—In the manner set forth  
13       in subsection (a),”.

14       (e) CORRECTION OF NAMED INVENTOR.—Section  
15       256 is amended—

16          (1) in the first paragraph, by striking “When-  
17       ever” and inserting “(a) CORRECTION.—Whenever”;  
18       and

19          (2) in the second paragraph, by striking “The  
20       error” and inserting “(b) PATENT VALID IF ERROR  
21       CORRECTED.—The error”.

22       (f) EFFECTIVE DATE.—The amendments made by  
23       this section shall take effect on the date of the enactment  
24       of this Act.

1   **SEC. 16. STUDY OF SPECIAL MASTERS IN PATENT CASES.**

2           (a) IN GENERAL.—Not later than 1 year after the  
3   date of the enactment of this Act, the Director of the Ad-  
4   ministrative Office of the United States Courts shall con-  
5   duct a study of, and submit to the Committee on the Judi-  
6   ciary of the House of Representatives and the Committee  
7   on the Judiciary of the Senate a report on, the use of  
8   special masters in patent litigation who are appointed in  
9   accordance with Rule 53 of the Federal Rules of Civil Pro-  
10   cedure.

11          (b) OBJECTIVE.—In conducting the study under sub-  
12   section (a), the Director shall consider whether the use  
13   of special masters has been beneficial in patent litigation  
14   and what, if any, program should be undertaken to facili-  
15   tate the use by the judiciary of special masters in patent  
16   litigation.

17          (c) FACTORS TO CONSIDER.—In conducting the  
18   study under subsection (a), the Director, in consultation  
19   with the Federal Judicial Center, shall consider—

20               (1) the basis upon which courts appoint special  
21   masters under Rule 53(b) of the Federal Rules of  
22   Civil Procedure;

23               (2) the frequency with which special masters  
24   have been used by the courts;

25               (3) the role and powers special masters are  
26   given by the courts;

1           (4) the subject matter at issue in cases that use  
2       special masters;

3           (5) the impact on court time and costs in cases  
4       where a special master is used as compared to cases  
5       where no special master is used;

6           (6) the legal and technical training and experi-  
7       ence of special masters;

8           (7) whether the use of special masters has an  
9       impact on the reversal rate of district court decisions  
10      at the Court of Appeals for the Federal Circuit; and

11          (8) any other factors that the Director believes  
12      would assist in gauging the effectiveness of special  
13      masters in patent litigation.

14   **SEC. 17. STUDY ON WORKPLACE CONDITIONS.**

15      The Comptroller General shall, not later than 2 years  
16   after the date of the enactment of this Act—

17          (1) conduct a study of workplace conditions for  
18      the examiner corps of the United States Patent and  
19      Trademark Office, including the effect, if any, of  
20      this Act and the amendments made by this Act on—

21              (A) recruitment, retention, and promotion  
22          of employees; and

23              (B) workload, quality assurance, and em-  
24          ployee grievances; and

1           (2) submit to the Committees on the Judiciary  
2           of the House of Representatives and the Senate a  
3           report on the results of the study, including any sug-  
4           gestions for improving workplace conditions, to-  
5           gether with any other recommendations that the  
6           Comptroller General has with respect to patent reex-  
7           amination proceedings.

8   **SEC. 18. RULE OF CONSTRUCTION.**

9           The enactment of section 102(b)(3) of title 35,  
10          United States Code, under section (3)(b) of this Act is  
11          done with the same intent to promote joint research activi-  
12          ties that was expressed, including in the legislative history,  
13          through the enactment of the Cooperative Research and  
14          Technology Enhancement Act of 2004 (Public Law 108–  
15          453; the “CREATE Act”), the amendments of which are  
16          stricken by section 3(c) of this Act. The United States  
17          Patent and Trademark Office shall administer section  
18          102(b)(3) of title 35, United States Code, in a manner  
19          consistent with the legislative history of the CREATE Act  
20          that was relevant to its administration by the Patent and  
21          Trademark Office.

22   **SEC. 19. STUDY ON PATENT DAMAGES.**

23          (a) IN GENERAL.—The Under Secretary of Com-  
24          merce for Intellectual Property and Director of the United  
25          States Patent and Trademark Office (in this section re-

1   ferred to as the “Director”) shall conduct a study of pat-  
2   ent damage awards in cases where such awards have been  
3   based on a reasonable royalty under section 284 of title  
4   35, United States Code. The study should, at a minimum,  
5   consider cases from 1990 to the present.

6       (b) CONDUCT.—In conducting the study under sub-  
7   section (a), the Director shall investigate, at a minimum,  
8   the following:

9           (1) Whether the mean or median dollar amount  
10       of reasonable-royalty-based patent damages awarded  
11       by courts or juries, as the case may be, has signifi-  
12       cantly increased on a per case basis during the pe-  
13       riod covered by the study, taking into consideration  
14       adjustments for inflation and other relevant eco-  
15       nomic factors.

16          (2) Whether there has been a pattern of exces-  
17       sive and inequitable reasonable-royalty-based dam-  
18       ages during the period covered by the study and, if  
19       so, any contributing factors, including, for example,  
20       evidence that Federal courts have routinely and in-  
21       appropriately broadened the scope of the “entire  
22       market value rule”, or that juries have routinely  
23       misapplied the entire market value rule to the facts  
24       at issue.

1           (3) To the extent that a pattern of excessive  
2           and inequitable damage awards exists, measures  
3           that could guard against such inappropriate awards  
4           without unduly prejudicing the rights and remedies  
5           of patent holders or significantly increasing litigation  
6           costs, including legislative reforms or improved  
7           model jury instructions.

8           (4) To the extent that a pattern of excessive  
9           and inequitable damage awards exists, whether legis-  
10          lative proposals that would mandate, or create a pre-  
11          sumption in favor of, apportionment of reasonable-  
12          royalty-based patent damages would effectively  
13          guard against such inappropriate awards without  
14          unduly prejudicing the rights and remedies of patent  
15          holders or significantly increasing litigation costs.

16          (c) REPORT.—Not later than 1 year after the date  
17          of the enactment of this Act, the Director shall submit  
18          to the Congress a report on the study conducted under  
19          this section.

20          **SEC. 20. SEVERABILITY.**

21          If any provision of this Act or of any amendment or  
22          repeals made by this Act, or the application of such a pro-  
23          vision to any person or circumstance, is held to be invalid  
24          or unenforceable, the remainder of this Act and the  
25          amendments and repeals made by this Act, and the appli-

1 cation of this Act and such amendments and repeals to  
2 any other person or circumstance, shall not be affected  
3 by such holding.

Passed the House of Representatives September 7,  
2007.

Attest:                      LORRAINE C. MILLER,  
*Clerk.*





Calendar No. 348

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 1908**

***AN ACT***

To amend title 35, United States Code, to provide  
for patent reform.

SEPTEMBER 11, 2007

Read the second time and placed on the calendar